

Message Text

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TAGS: GATT, OCON

SUBJECT: GATT BUDGET COMMITTEE MEETING FEBRUARY 4

REF: STATE 22974

BEGIN SUMMARY. D. G. LONG MADE STRONG STATEMENT REFERRING TO MISMANAGEMENT OF GATT BY CP'S FOR FAILING ADJUST STAFF PROPERLY FOR EXCHANGE RATE FLUUCTUATIONS. LOND SAID UN ADMINISTRATORS IN NEW YORK DO NOT THINK IN TERMS OF EXCHANGE RATE FLUCTUATIONS. BUDGET COMMITTEE AGREED PROBLEMS REQUIRED SOLUTION AS SOON AS POSSIBLE BUT NOTED PROBLEM WAS GENEVA-WIDE. COMMITTEE SAID SOLUTIONS SHOULD NOT DEPART FROM UN COMMON SYSTEM BUT DID NOT FEEL ITSELF COMPETENT TO INTERPRET EXACT BOUNDS OF SYSTEM, AND RECOMMENDED GATT COUNCIL MEMBERS AND D.G. WORK THROUGH ICSC IN NEW YORK. GATT COUNCIL WILL DISCUSS ISSUE AT NEXT SESSION. END SUMMARY.

1. DURING FEBRUARY 4 SESSION GATT COMMITTEE ON BUDGET, FINANCE, AND ADMINISTRATION, DIRECTOR GENERAL LONG MADE STRONG AND FRANK STATEMENT THAT CONTRACTING PARTIES ARE MISMANAGING GATT BY CONTINUED FAILURE TO ADJUST STAFF FOR EFFECTS OF EXCHANGE RATEFLUCTUATIONS. LONG SAID HE RESPONSIBLE FOR MORALE AND RESPONSIBLE TO CP'S
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FOR FUNCTIONING OF THIER SECRETARIAT. (LONG LEFT

ASIDE SPECIFIC COMMENTS ON PERSIONS, PENDING OUTCOME OF DISCUSSIONS IN UN.) SAID DETERIORATION IN MANAGEMENT WILL HAVE IMPACT ON SCERETARIAT'S WORK; GATT IS MADE BY QUALITY OF ITS WORK. LONG REPEATED THAT UN COMMON SYSTEM WAS DESIGNED FOR A WORLD OF FIXED EXCHANGE RATES, THAT MONETARY FLUCTUATIONS HAVE OPENED IT TO ALL SORTS OF FLEXIBILITY, THAT IT NOW HAS ROOM FOR FLEXIBLY ADJUSTMENTS. SAID IT IS TIME FOR CP'S TO ASSUME THEIR RESPONSIBILITIES FOR GOOD FUNCTIONING OF GATT, THAT IT'S WITHIN COMPETENCE OF CP'S TO MAKE ADAPTATION.

2. WITH RESPECT GOING TO ICSC IN NEW YORK FOR GENEVA-WIDE SOLUTION, LONG SIAD HE SKEPTICAL RE POSSIBILITIES OF ATTAINING RESULTS. HE SAID GOVERNMENTS USE SUCH FOR FOR PASSING COMPLAINTS FROM GROUP TO GROUP, THAT STAFFS WERE BEGINNING TO CATCH ON. LONG SAID NEW YORK ADMINISTRATORS "DONT EVEN THINK ABOUT MONETARY FLUCTUATIONS" BECAUSE THEY LIVE IN DOLLAR AREA. HE URGED BUDGET COMMITTEE NOT RECOMMEND PASSING ISSUE ON TO ICSC; AND STAFF WILL VIEW THIS AS PROCRASTINATION, PLAYING INSTITUTIONAL GAME, DELIBERATE POLICY TO DO NOTHING.

3. BUDGET COMMITEE HAD BEFORE IT REPORT OF CONTACT GROUP WITH ANNEXES GIVING STAFF'S POSITION. CONTACT GROUP REPORT SAID PROBLEMS WER PRESSING AND CALLED FOR SOLUTIONS AS SOON AS POSSIBLE. (COPIES OF SPEC (75)3, 31 JANUARY BEING CARRIED WASHINGTON BY IO/OIC OFFIVER BASS. ALSO SEE GENEVA 586 RE EARLIER POUCHING SIMILAR MATERIAL. ANNEXES TO THESE DOCUMENTS CONTAINED INFORMATION REQUESTED IN PARA 3 OF REFTEL AND ALSO DETAILS ON P-2 LEVEL EMPLOYEE REQUEST IN PARA 4 OF STATE 16248.)

4. COMMITTEE INVITED STAFF ASSOCIATION SPIKESMAN INTO MEETING BRIEFLY TO GIVE FACTUAL EXPLANATION OF WHAT STEPS GATT STAFF HAD TAKEN TO COORDINATE WITH OTHER GENEVA STAFF ASSOCIATIONS. STAFF REP SAID THEY LIMITED OFFICIAL USE

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HAVE NOT PRESSED COMPLAINTS ALONG WITH OTHER GENEVA-BASED POEPL E BUT HAVE TOLD THEM ABOUT GATT CONTACT GROUP. SAID GATT STAFF, SEEING LONG PROCRASTINATION ON EXCHANGE-RATE ISSUES, VIEWS UN AS TOO CUMBERSOME.

5. GATT SECRETARIAT (TASSIN, VON HOLZEN) REMINDED COMMITTEE OF LONG-STANDING REQUEST BY STAFF THAT 1974 BUDGET SURPLUS (ACCUMULATED OUT OF FUNDS ORIGINALLY

EARMARKED FOR STAFF SALARIES BEFORE EXCHANGE RATES CHANGED) HE REDISTRIBUTED TO STAFF AND SAID FUNDS WERE STILL AVAILABLE. BUDGET COMMITTEE SAID DISPOSITION THOSE FUNDS HAD BEEN SETTLED AT OCTOBER 1974 SESSION AND APPROVED BY COUNCIL. US (SPRUCE) SAID ANY CHANGE IN THIS DECISION PRESUMABLY WOULD REQUIRE NEW INSTRUCTIONS FROM CAPITALS AND THUS COMMITTEE COULD NOT ACT ON REQUEST AT FEBRUARY 4 SESSION.

6. BUDGET COMMITTEE'S REPORT TO THE COUNCIL IS PHRASED IN LANGUAGE ACCEPTABLE TO US DEL'S INSTRUCTIONS, ALTHOUGH IT SIMPLY PASSES ISSUE ON TO COUNCIL. REPORT QUESTIONS WHETHER TREATMENT OF STAFF EMBODIES SOUND ADMINISTRATIVE AND PERSONNEL PRACTICES BUT NOTES SITUATION IS NOT LIMITED TO GATT STAFF AND AFFECTS ALL GENEVA-BASED INTERNATIONAL CIVIL SERVANTS. NOTES MEMBERS OF COMMITTEE BOUND NOT TO ENDORSE SOLUTIONS OR ADJUSTMENTS WHICH WOULD DEPART FROM UN COMMON SYSTEM AND SAYS NEITHER BUDGET COMMITTEE NOR INFORMAL CONTACT GROUPS WERE PROPER FORA TO INTERPRET LEGAL BOUNDARIES OF COMMON SYSTEM.

7. REPORT NOTES GATT CONTRACTING PARTIES ARE COMPETENT TO ADOPT SYSTEM OF REUNBERATION TO SUIT GATT'S NEED AND DOES NOT RULE OUT POSSIBILITY OF ADJUSTMENTS BUT SAYS BUDGET COMMITTEE MEMBERS DO NOT FEEL SELVES TECHNICALLY COMPETENT TO JUDGE COMPATIBILITY OF ANY CHANGES WITH COMMON SYSTEM. SAYS BUDGET COMMITTEE AGREES PROBLEMS ARE PRESSING, REQUIRE EARLY SOLUTION.

8. REPORT SAYS GATT COUNCIL MAY WISH REQUEST ICSC IN NEW YORK REVIEW PROBLEM AS MATTER OF PRIORITY AND REQUEST THAT D.G. AND CONTRACTING PARTIES BOTH INDIVIDUALS LIMITED OFFICIAL USE

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DUALY AND AS A WHOLE EMPHASIZE URGENCY OF ISSUE TO ICSC. SAYS, HOWEVER, CP'S SHOULD ADOPT CAUTIOUS AND CONSIDERED APPROACH KEEPINT IN MIND FACT THAT PROBLEM IS GENEVA-WIDE (US OBTAINED REMOVAL OF PHRASE WHICH WOULD HAVE RECOMMENDED GENEVA ORGANIZATIONS ADOPT UNITED APPROACH IN PURSUING CLAIM) AND NEED TO AVOID AD-HOC SOLUTIONS WHICH MIGHT HAVE PRECEDENTIAL IMPLICATIONS. SAYS ANY SOLUTION INVOLVING 1974 SURPLUS WOULD REQUIRE DECISION BY CP'S. COPY OF REPORT CARRIED WASHINGTON BY IO/OIC OFFICER BASS.

9. ISSUE NOW GOES TO GATT COUNCIL, DATE OF WHICH HAS NOT YET BEEN DETERMINED. LATE FEBRUARY OR EARLY MARCH WOULD BE GOOD GUESS. D.G. LONG CAN BE EXPECTED TO ADDRESS COUNCIL ON MATTER.DALE

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